

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Robert G. Taub

Spring Lake Post Office  
Spring Lake, Minnesota

Docket No. A2012-74

ORDER AFFIRMING DETERMINATION

(Issued March 6, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”<sup>1</sup> The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly,

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<sup>1</sup> United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On November 16, 2011, Sally Sedgwick (Petitioner) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Spring Lake, Minnesota post office (Spring Lake post office).<sup>2</sup> The Final Determination to close the Spring Lake post office is affirmed.<sup>3</sup>

## II. PROCEDURAL HISTORY

On December 2, 2011, the Commission established Docket No. A2012-74 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.<sup>4</sup>

On December 1, 2011, the Postal Service filed the Administrative Record with the Commission.<sup>5</sup> The Postal Service also filed comments requesting that the Commission affirm its Final Determination.<sup>6</sup>

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<sup>2</sup> Petition for Review received from Sally Sedgwick regarding the Spring Lake, MN Post Office 56680, November 16, 2011 (Petition).

<sup>3</sup> The Commission is divided equally, 2-2, on the outcome of this appeal. In the absence of a majority, the Final Determination stands.

<sup>4</sup> Order No. 1018, Notice and Order Accepting Appeal and Establishing Procedural Schedule, December 2, 2011.

<sup>5</sup> The Administrative Record is attached to the United States Postal Service Notice of Filing, December 1, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Spring Lake, MN Post Office and Extend Service by Rural Route Service (Final Determination).

<sup>6</sup> United States Postal Service Comments Regarding Appeal, January 10, 2012 (Postal Service Comments).

On February 6, 2012, the Public Representative filed a reply brief.<sup>7</sup>

### III. BACKGROUND

The Spring Lake post office provides retail postal services and service to 20 post office box customers. Final Determination at 2. No delivery customers are served through this office. *Id.* The Spring Lake post office, an EAS-55 level facility, provides retail service from 9:30 a.m. to 1:30 p.m., Monday through Saturday. *Id.* Lobby access hours are 8:00 a.m. to 6:00 p.m., Monday through Saturday. *Id.*

The postmaster position became vacant on August 31, 1995, when the Spring Lake postmaster retired. *Id.* A non-career officer-in-charge (OIC) was installed to operate the office. *Id.* Retail transactions average 5 transactions daily (5 minutes of retail workload). *Id.* Office receipts for the last 3 years were \$10,664 in FY 2008; \$9,817 in FY 2009; and \$8,956 in FY 2010. *Id.* There are no permit or postage meter customers. *Id.* By closing this office, the Postal Service anticipates savings of \$18,223 annually. *Id.* at 5.

After the closure, retail services will be provided by the Marcell post office located approximately 11 miles away.<sup>8</sup> Delivery service will be provided by rural carrier through the Marcell post office. *Id.* The Marcell post office is an EAS-13 level office, with retail hours of 7:30 a.m. to 12:00 p.m. and 1:00 p.m. to 4:00 p.m., Monday through Friday, and 8:00 a.m. to 9:30 a.m. on Saturday. *Id.* Seventy-two post office boxes are available. *Id.* The Postal Service will continue to use the Spring Lake name and ZIP Code. *Id.* at 4, Concern No. 1.

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<sup>7</sup> Reply Brief of the Public Representative, February 6, 2012. (PR Reply Brief). The Public Representative also filed a Motion of Public Representative for Late Acceptance of Reply Comments, February 6, 2012. The motion is granted.

<sup>8</sup> *Id.* at 2. Google Maps estimates the driving distance between the Spring Lake and Marcell post offices to be approximately 10.8 miles (17 minutes driving time).

#### IV. PARTICIPANT PLEADINGS

*Petitioner.* Petitioner opposes the closure of the Spring Lake post office. Petitioner contends that: (1) the Postal Service has overestimated the anticipated cost savings it anticipates from closing the Spring Lake post office; (2) Petitioner will need to travel 20 miles in each direction, in sometimes hazardous conditions, to retrieve packages, costing Petitioner 50 minutes of time and \$7 for gas; (3) the Postal Service should take into consideration that customers in rural areas suffer disproportionately when a post office closes; and (4) the Postal Service has recently closed two post offices and is in the process of closing two more (including Spring Lake) within a 20 square mile area. Petition at 1. Petitioner suggests that the Postal Service consider maintaining the Spring Lake post office as a Village Post Office (VPO), which saves the Postal Service money. *Id.*

*Postal Service.* The Postal Service argues that the Commission should affirm its determination to close the Spring Lake post office. Postal Service Comments at 2. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services, (2) the impact on the Spring Lake community, and (3) the economic savings expected to result from discontinuing the Spring Lake post office. *Id.* at 1. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Spring Lake post office should be affirmed. *Id.* at 1-2, 12-13.

The Postal Service explains that its decision to close the Spring Lake post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- little recent growth in the area;
- minimal impact on the community; and
- expected financial savings.

*Id.* at 4-5. The Postal Service contends that it will continue to provide regular and effective postal services to the Spring Lake community when the Final Determination is implemented. *Id.* at 5.

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns regarding the effect on postal services and on the Spring Lake community, economic savings, and the effect on postal employees. *Id.* at 12.

*Public Representative.* The Public Representative asserts that the Commission should remand the Postal Service's determination to close the Spring Lake post office. PR Reply Brief at 5. The Public Representative contends that the Postal Service's calculation of the economic savings it anticipates from closing the Post Lake post office is so flawed that it amounts to a failure to sufficiently consider the mandatory factors listed within section 404(d)(2)(A). *Id.* at 6-7.

## V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

#### A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. *Id.* § 404(d)(5).

The record indicates the Postal Service took the following steps in providing notice of its intent to close. On June 15, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Spring Lake post office. Final Determination at 2. The Postal Service indicates that a total of 86 questionnaires were distributed to delivery customers of the Spring Lake post office. *Id.* Other questionnaires were made available at the retail counter of the Spring Lake post office. *Id.* A total of 19 questionnaires were returned. *Id.* On June 29, 2011, the Postal Service held a community meeting at the Spring Lake Community Center to address customer concerns. *Id.* Four customers attended. *Id.*

The Postal Service posted the proposal to close the Spring Lake post office with an invitation for comments at the Spring Lake and Marcell post offices from July 15, 2011 through September 15, 2011. *Id.* The Final Determination was posted at the same two post offices from October 27, 2011 through November 28, 2011. Administrative Record, Item No. 49.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

#### B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service

will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

*Effect on the community.* Spring Lake, Minnesota is an unincorporated community located in Itasca County, Minnesota. Administrative Record, Item No. 16. The community is administered politically by Lake Jessi Township. *Id.* Police protection is provided by the Itasca County Sheriff. *Id.* Fire protection is provided by the Bigfork Volunteer Fire Department. *Id.* The community is comprised of retirees, self-employed individuals, and those who commute to work in nearby communities. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Spring Lake community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Spring Lake post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 2-4.

Petitioner asserts that the Postal Service, in determining to close the Spring Lake post office, did not account for the disproportionate hardship that the closing will have in a poor rural area like Spring Lake. Petition at 1. The Postal Service contends that it considered this issue, along with others, as part of the totality of circumstances, in its decision to close the Spring Lake post office. The Postal Service notes that it considered customer concerns about a loss of community and explained that the community identity will be preserved by continuing the use of the Spring Lake name and ZIP Code in street addresses. Postal Service Comments at 9. The Public Representative agrees that the Postal Service has adequately considered the effect that the closing will have on the Spring Lake community. PR Reply Brief at 5.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

*Effect on employees.* The Postal Service states that the Spring Lake postmaster retired on August 31, 1995 and that an OIC has operated the Spring Lake post office since then. Final Determination at 2. It asserts that after the Final Determination is implemented, the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. *Id.* at 4.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Spring Lake post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

*Effective and regular service.* The Postal Service contends that it has considered the effect the closing will have on postal services provided to Spring Lake customers. Postal Service Comments at 5, 8. It asserts that customers of the closed Spring Lake post office may obtain retail services at the Marcell post office, which is located 11 miles away. Final Determination at 2. Delivery service will be provided by rural carrier through the Marcell post office. *Id.* The Spring Lake post office box customers may obtain Post Office Box service at the Marcell post office, which has 72 boxes available. *Id.*

Petitioner contends that closing the Spring Lake post office will have a negative effect on the quality of service. Petition at 1. Petitioner expresses particular concern that she will need to travel 20 miles in one direction to retrieve packages. *Id.*

The Postal Service asserts that it has considered the effect that closing the Spring Lake post office will have on the postal service provided to Spring Lake customers. Postal Service Comments at 5. It indicates that retail services will be available from the carrier and that most services will not require meeting the carrier at the mailbox. *Id.* at 5-6. With respect to packages, the postal service explains that the carrier will deliver packages to customer mailboxes. *Id.* at 7. For packages that do not fit into customer mailboxes, and other accountable mail, the carrier will attempt delivery to customer residences, at a designated place up to 1/2-mile off the line of travel. *Id.* If



the customers residence is more than 1/2-mile off the line of travel or if the customer is not at home, the carrier will leave notice in the customer's mailbox indicating that a package has arrived. *Id.* The customer will then have the option to retrieve the item at the Marcell post office, to request redelivery, or to authorize delivery to another person. *Id.* The Public Representative agrees that the Postal Service has considered the effect that the closing will have on the postal services provided to Spring Lake customers. PR Reply Brief at 5.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

*Economic savings.* The Postal Service estimates total annual savings of \$18,223. Final Determination at 5. It derives this figure by summing the following costs: postmaster salary and benefits (\$19,659) and annual lease costs (\$720) minus the cost of replacement service (\$2,156). *Id.* at 4.

Petitioner contends that the Postal Service's estimated cost savings are inflated due to incorrect assumptions. Petition at 1. Specifically, Petitioner argues that the Postal Service bases its cost savings on the salary and benefits that it would pay to a postmaster rather than the lower salary and benefits that it currently pays to an OIC. *Id.* Petitioner also suggests that the Postal Service should consider other alternatives, such as maintaining the Spring Lake post office as a VPO.

With respect to the contention that it overestimated savings, the Postal Service responds that the economic savings calculation conducted as a part of its discontinuance study is forward-looking. Postal Service Comments at 10. By discontinuing the Spring Lake post office, the Postal Service would eliminate a career position, thereby avoiding the cost of filling that position in the future. *Id.* at 11. With respect to Petitioner's suggestion that the Spring Lake post office be maintained as a VPO, the Postal Service states that it was unable to reach an agreement with a store owner regarding a VPO to serve the community. Postal Service Comments at 11 n.19. Moreover, the Postal Service reiterates that carrier service, coupled with service at the

Marcell post office, will yield economic savings. *Id.* It also asserts that it is not required to evaluate and reject alternative proposals. *Id.*

The Public Representative agrees with Petitioner that the Postal Service's calculation of economic savings based upon the salary and benefits of an EAS-55 postmaster is faulty and that the Postal Service should replace those figures with the OIC's salary. PR Reply Brief at 6-7. The Public Representative further contends that because the Postal Service has indicated that it may reassign the OIC, the claimed savings in employee costs should be excluded entirely from the calculation of economic savings. *Id.* at 7. By excluding the EAS-55 postmaster salary and benefit savings, the Public Representative concludes that the proposed closure of the Spring Lake post office would impose additional costs to the Postal Service of \$1,436. *Id.* The Public Representative accordingly recommends that the Final Determination be remanded to the Postal Service. *Id.* at 8.

The Spring Lake post office postmaster retired on August 31, 1995. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service or relocated to another Postal Service facility. The postmaster position and the corresponding salary will be eliminated. As the Postal Service notes, "[the] economic savings calculation conducted as a part of a discontinuance study is forward-looking....If the Spring Lake Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be shown for a postmaster." Postal Service Comments at 10-11. See, e.g., Docket No. A2011-67 United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Spring Lake post office has been staffed by an OIC for over sixteen years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

## VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Spring Lake post office is affirmed.<sup>9</sup>

*It is ordered:*

The Postal Service's determination to close the Spring Lake, Minnesota post office is affirmed.

By the Commission.

Shoshana M. Grove  
Secretary

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<sup>9</sup> See footnote 3, *supra*.

## DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Spring Lake post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on August 31, 1995. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

A non-career OIC has been in place for more than 16 years. Given this extended period of time, and the Postal Service's current financial difficulties, it is clear that the Postal Service has no obligation to maintain a full-time postmaster in small facilities such as Spring Lake. Upon closure of the facility, the Postal Service may, at most, avoid continuing to pay the OIC level salary.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the Administrative Record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data were in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

I am also concerned about the distances between the Spring Lake post office and those that are offered as substitutes. The administrative receiving office in Marcell is 10.8 miles driving distance away. Several members of Congress have publicly expressed concern that post offices that are 10 miles apart should be maintained in rural areas. Recent legislation has been introduced precluding the closure of a post office in cases where the nearest post office is more than 10 miles away.

The Commission in its recent Advisory Opinion (Docket No. N2011-1) found that using optimization modeling, the Postal Service could make better choices about which post offices to close that would assure adequate access in rural areas. The Postmaster General has expressed interest in finding other ways to serve such distant post offices rather than close them altogether. This closing should be reconsidered within the context of the policies now being developed regarding distant rural post offices.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011, have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of Spring Lake, Minnesota and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

## DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility for over 16 years, since August 1995, not an EAS-55 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Spring Lake post office and should be remanded.

Nanci E. Langley